

Message Text

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ACTION EB-04

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AMEMBASSY THE HAGUE

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AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

C O N F I D E N T I A L ROME 15896

LIMDIS GREENBACK

PASS TREASURY AND FRB

E.O. 11652: GDS

TAGS: EFIN, IT

SUBJECT: OSSOLA COMMENTS ON NOVEMBER 20-21 G-10 DEPUTIES MEETING

REF: EC BRUSSELS 8827

1. IN MEETING WITH TREASATT NOVEMBER 14, BANK OF ITALY
VICE DIRECTOR GENERAL OSSOLA INDICATED THAT MAIN TOPICS
FOR DISCUSSION AT G-10 DEPUTIES MEETING NOVEMBER 20-21
IN PARIS WILL BE: (1) RECYCLING, (2) IMF QUOTAS, AND
(3) OTHER BUSINESS. HE WAS AWARE THAT US WAS INTERESTED
IN DISCUSSING GOLD AND IMF AMENDMENTS AND THOUGHT THAT
US DELEGATION COULD BRING THESE MATTERS UP UNDER OTHER
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BUSINESS. WHILE PRELIMINARY CONSIDERATION OF LATTER

TOPICS WOULD BE USEFUL, OSSOLA FELT THAT EC MEMBERS WOULD NOT BE VERY WELL PREPARED FOR DISCUSSION. PERHAPS SUBJECTS COULD BE FURTHER EXPLORED AT FOLLOWING DEPUTIES' MEETING. OSSOLA THOUGHT SECOND MEETING MIGHT BE HELD IN JANUARY IN CONNECTION WITH MEETING OF INTERIM COMMITTEE OF IMF, IF SO DESIRED.

2. ON QUESTION OF FUND QUOTAS, PER PARA 6 OF REFTTEL, OSSOLA CONFIRMED THAT THERE WAS GENERAL AGREEMENT IN EC FOR AVERAGE INCREASE IN FUND QUOTAS OF ABOUT 30 PERCENT. HOWEVER, THERE WERE STILL DIFFERENCES OF OPINION AMONG EC MEMBER COUNTRIES. HE ALSO MENTIONED POSSIBLE DOUBLING OF QUOTAS OF OIL PRODUCERS. TREASATT STRESSED THAT WHATEVER INCREASE IN QUOTAS WERE AGREED TO, US WOULD CERTAINLY NOT WISH TO LOSE ITS VETO POWER ON IMPORTANT IMF ISSUES. OSSOLA WAS NOT SURE WHAT EFFECT WOULD BE ON US VOTING RIGHTS OF 30 PERCENT GENERAL QUOTA INCREASE, INCLUDING DOUBLING OF QUOTAS OF OIL PRODUCERS. AS TO NEW METHOD OF PAYMENT OF OLD 25 PERCENT GOLD PORTION OF QUOTA, HE SAID THAT THERE WAS SOME PREFERENCE IN EC FOR PAYMENT IN NATIONAL CURRENCIES RATHER THAN IN SDR'S OR IN CONVERTIBLE CURRENCIES. IN SUCH CASE, THERE WOULD BE NO EQUIVALENT AUTOMATIC DRAWING RIGHT AS IS NOW THE CASE FOR GOLD TRANCHE. VOLPE

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